

a one cent gasoline tax irrevocably pledged to its retirement, it will be seen that *for all practical purposes* the outstanding debt of North Carolina is now evidenced by the unmatured balance of school buildings, port and institutional bonds in the amount of \$71,335,000.

When we set this figure over against the total assessed value of all real and personal property in North Carolina in 1952, amounting to \$5,215,937,259, it will be seen that North Carolina's debt ratio is modest.

In our tax policy, we do not believe in favoritism on the one hand, nor in discrimination on the other. Equal and fair treatment to all is our aim, and this means that both new and established industry receive the same treatment. We emphasize the *stability* of our tax structure, pointing out that tax rates have not been increased in North Carolina since 1933. Except for some reductions in rate and amendments calculated to make our tax laws fairer and more just, we are operating substantially under the same tax structure that was enacted twenty years ago, depending on the growth of our State and on our expanding economy for the revenues necessary to finance the progressive programs required by our people.

Let me give you something of the view that North Carolina is taking toward inviting industry to our State.

We are proceeding upon the theory that industry does not want to come to a State that is extravagant and wasteful; on the other hand, that it does not wish to come to a backward State. Therefore, when we insist on sound, good, middle-of-the-road government, on both the State and local level, we think we are meeting the standards that industry should require.

It is our idea that the right kind of industry does not wish to be discriminated against, nor does it expect a "hand out;" it does expect to pay its reasonable part in the financing of those progressive policies that contribute to the health and happiness of their employees and which are a part of the good social climate that industry requires for its successful operation.

We believe in the well balanced, orderly development of our State, and desire to see industry come to North Carolina—industry of the right kind that wishes to become a part of our great community, paying its legitimate share of the cost of public service and making a significant contribution to our social life—not coming here, if you please, for exploitation, not coming here merely for a season for the purpose of temporary enrichment, but with an honest and decent desire to live among us and become a part of our hopes and aspirations.

When we see the splendid credit standing of our local governments today we realize the tremendous progress that has been made in this field, especially in the past twenty years. Against a background of steadily improving economic conditions our local governments have put their house in order and for the present fine state of affairs we are indebted to the leaders in local government throughout our State as well as the stabilizing influence of our Local Government Commission.

Perhaps you will permit me at this point to discuss briefly the very sound and conservative manner in which our local governments have operated within

their debt limitations and under the very wholesome control of our Local Government Commission.

At June 30, 1940, the last assessed valuation (1939) was \$2,237,000,000 and the outstanding local government debt evidenced by general obligation bonds was \$307,000,000 or about 13½% of the assessed valuation. At June 30, 1953, thirteen years later, the assessed valuation (1952) was \$5,216,000,000 and the outstanding debt was \$336,000,000 or about 6.4% as compared with the 13½% in 1940. In this connection it is of interest to remember that our assessed valuation is estimated to be about 33-1/3% of market value in both 1939 and 1952.

I give you these figures because I understand that the ratio of *net* debt to assessed valuation is a pertinent factor frequently taken into account in appraising ability to pay. I am giving here the ratio of the *gross* debt to the assessed valuation of all our counties, cities, towns and other political subdivisions.

These facts and figures, it seems to me, show that on the whole our local governments are being administered in a sound and business-like manner.

In my opinion, the fiscal policy of North Carolina can be described as one of enlightened conservatism. We are cautious. We are prudent. We desire to do the best we can for our people *within the frame-work of our ability to pay*.

We plan intelligently for the future, taking into consideration at all times the growth of our State, the orderly development of our resources, and the reasonable anticipation of all that comes to mind in the word "tomorrow." In our realistic and candid appraisal of the dynamic character of our economy, we are people of *vision* but in no sense *visionary*.

I think of North Carolina as a State well balanced in its thinking—neither radical nor reactionary. As we conceive it, our future is not to be a carbon copy of any other commonwealth. While we are inspired by others, we seek our own fortune in our own way. We do not try to imitate others who may be wealthier, or for that matter poorer. We do not seek to enlarge our cities just for the sake of size. We are happy to be a State of over four hundred communities connected by a network of primary and secondary roads that interlace to work a pattern that helps to make our State one big community. We have all the advantages of modern transportation and communication without the complex problems that trouble the great cities. Approaching a fair balance between agriculture and industry, and more and more diversified on both of these fronts, we face the years ahead with confidence.

North Carolina is today in sound financial condition. Our credit has never been higher; our splendid reputation in the money market is based on half a century of integrity and fair dealing. In North Carolina we have made a *habit* of good government.

## ABOUT TAXES

*North Carolina is proud of its state tax structure in which there have been no increases since 1933. A booklet explaining the Continuing Revenue Act, by James S. Currie, Director of the Department of Tax Research, may be obtained free upon request to the Department of Conservation and Development, Raleigh.*